No. 93-035

In The

Supreme Court of the United States

October Term, 1993

BENNIE D. HERRING; TRI-STATE SATELLITE DISTRIBUTORS, INC., a corporation; BILLY C. HERRING and RONALD MILLS,

Petitioners,

vs.

M/A COM, INC.; M/A GOVERNMENT SYSTEMS, INC.; HOME BOX OFFICE, INC. and SHOWTIME/THE MOVIE CHANNEL, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Eleventh Circuit

RESPONDENTS' BRIEF IN OPPOSITION

JAMES E. WILLIAMS
Counsel of Record
MELTON, ESPY, WILLIAMS
& HAYES, P.C.
Attorneys for Respondents
P.O. Drawer 5130
Montgomery, Alabama 36103-5130
(205) 263-6621

4101
Lutz Appellate Services, inc.
(800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21
BEST AVAILABLE COPY
16pp

QUESTION PRESENTED FOR REVIEW

Whether this Court should review by certiorari a decision by the United States Court of Appeals for the Eleventh Circuit affirming the decision of the United States District Court for the Middle District of Alabama granting summary judgment and awarding damages in the amount of $900,000 to Plaintiffs pursuant to *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986) and *Cable/Home Communication v. Network Productions*, 902 F.2d 829 (11th Cir. 1990)?

TABLE OF CONTENTS

Page

Question Presented for Review i

Table of Contents ii

Table of Citations ii

Statement of the Case 1

Summary of Argument 3

Reasons for Denying the Writ 4

I. Summary Judgment 4

II. Damages 9

Conclusion 12

TABLE OF CITATIONS

Cases Cited:

Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986) ... i

Cable/Home Communication v. Network Productions, 902 F.2d 829 (11th Cir. 1990) ..... i, 2, 7, 11

Celotex Corp. v. Catrett, 477 U.S. 317 (1986) i

Donald Frederick Evans v. Continental Homes, Inc., 785 F.2d 897 (11th Cir. 1986) 5

Contents

Page

Statutes Cited:

18 U.S.C. § 371 ..... 1, 2

18 U.S.C. § 2512(1)(b) 1

47 U.S.C. § 604 7

No. 93-035

In The

Supreme Court of the United States

October Term, 1993

BENNIE D. HERRING; TRI-STATE SATELLITE DISTRIBUTORS, INC., a corporation; BILLY C. HERRING and RONALD MILLS,

Petitioners,

vs.

M/A COM, INC.; M/A GOVERNMENT SYSTEMS, INC.; HOME BOX OFFICE, INC. and SHOWTIME/THE MOVIE CHANNEL, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Eleventh Circuit

RESPONDENTS' BRIEF IN OPPOSITION

STATEMENT OF THE CASE

On December 23, 1987, a search warrant was executed at the business premises of Tri-State Satellite Distributors, Inc., in Brundidge, Alabama. Several VideoChipher II descramblers, as well as many other models, were seized on the premises which had been modified in violation of 18 U.S.C. § 2512(1)(b) and 18

U.S.C. § 371. Bennie Dean Herring, Billy Clyde Herring and Ronald Mills were indicted for these violations and subsequently tried in the case of *United States v. Bennie Dean Herring, et al.*, U.S. District Court for the Middle District of Alabama, Case No. CR-89-277-S. The Defendants were found guilty for such offenses on December 14, 1989.

While the criminal charges were pending, Cable/Home Communication Corporation; General Instrument Corporation; M/A-COM, Inc., M/A Com Government Systems, Inc.; Home Box Office, Inc.; and Showtime/The Movie Channel, Inc. (hereinafter Respondents), filed suit against the above-named Defendants (hereinafter Petitioners) on January 22, 1988, in the United States District Court for the Middle District of Alabama (U.S.D.C. Case No. CV-88-H-81-N)[1]. On June 28, 1990, the trial court entered an order granting summary judgment on behalf of Respondents and

---

1. Bennie Herring, *et al.*, filed two separate suits arising out of this matter. Herring filed suit in the Circuit Court for Pike County, Alabama, against General Instrument Corporation and Cable/Home Communication Corporation for abuse of process, assault and battery, outrageous conduct and invasion of privacy on December 27, 1989. Cable/Home, *et al.*, filed a notice of removal, and the case was removed from Pike County to the United States District Court for the Middle District of Alabama (Case No. CV-90-H-97). Summary judgment was granted to Cable/Home, *et al.* by the trial court on October 2, 1990. This decision was appealed to the Eleventh Circuit Court of Appeals (U.S.C.A. Case No. 90-7758); and the Eleventh Circuit affirmed the summary judgment opinion on June 4, 1991.

Herring also filed suit in the United States District Court for the Middle District of Alabama (U.S.D.C. Case No. 90-T-1084-N) on October 10, 1990, against Cable/Home, *et al.*, claiming they had violated the Sherman Act. The trial court granted Cable Home, *et al.'s* Motion to Dismiss on December 3, 1990. Herring appealed this decision to the Eleventh Circuit Court of Appeals on December 26, 1990 (U.S.C.A. 90-7898); and the Eleventh Circuit Court of Appeals affirmed this decision on September 30, 1992.

granted their prayer for a permanent injunction against Petitioners enjoining them from further copyright infringement and violations of the Communications Act.

On August 13, 1990, the trial court heard testimony on the issue of damages, and thereafter entered a judgment awarding $900,000 to Respondents — $400,000 for willful copyright violations by Petitioners and $500,000 for their willful, for-profit violations of the Communications Act.

Petitioners appealed the judgment to the Eleventh Circuit Court of Appeals on September 24, 1990 (U.S.C.A. Case No. 90-7670); and the Eleventh Circuit affirmed the decision of the United States District Court for the Middle District of Alabama on September 30, 1992.

On February 22, 1993, Bennie Herring filed a petition for writ of certiorari with the United States Supreme Court requesting review of the September 30, 1992, decision of the Eleventh Circuit Court of Appeals in U.S.C.A. Case No. 90-7670. This petition was returned to Bennie Herring on March 17, 1993, as being untimely and not in proper form. However, Herring refiled the petition on July 18, 1993, and Respondents received notice on July 26, 1993, that the petition was with this Court.

SUMMARY OF ARGUMENT

The order and judgment of the United States District Court for the Middle District of Alabama granting summary judgment for Respondents and awarding damages in the amount of $900,000 and the decision of the Eleventh Circuit Court of Appeals affirming such order and judgment are proper and correct. Accordingly, the petition for writ of certiorari should be denied by this Court.

REASONS FOR DENYING THE WRIT

The United States District Court for the Middle District of Alabama correctly granted summary judgment for the Respondents.

I.

SUMMARY JUDGMENT

The United States District Court stated the procedural and substantive standards for deciding summary judgment is appropriate:

> Summary judgment can be entered on a claim only where "there is no genuine issue as to any material fact and [where] the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). According to the Supreme Court:
>
> > [T]he plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to the party's case, and on which that party will bear the burden of proof at trial. In such a situation, there can be "no genuine issue as to any material fact," since a complete failure of proof concerning an essential element of the non-moving party's case necessarily renders all other facts immaterial.

> *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986). In further elaboration on the summary judgment standard, the Court has said that "there is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment may be granted." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50 (1986).

R2-55-3 thru 4; A-1, p. 2-3).

The necessary elements to establish copyright infringement are (1) that Respondents, own a valid copyright in the work allegedly infringed, and (2) that Petitioners copied that work. *Donald Frederick Evans v. Continental Homes, Inc.*, 785 F.2d 897, 903 (11th Cir. 1986). Respondents submitted copyright registration showing M/A Com, Inc. and M/A Government Systems, Inc., as owners of copyrights, and such certificates are *prima facie* evidence of the validity of the copyright (R2-55-4; A-1, p. 4). The second element of copyright infringement was satisfied when the December 1987 search of the premises of Tri-State Satellite established that Petitioners had access to the copyrighted material (R2-55-5, A-1, p. 5).

The defenses offered by Petitioners to the claims of copyright infringement in their response to Respondents' motion for summary judgment was that Respondents forfeited the copyright protection by failing to properly place the notice of copyright and unclean hands. The District Court very properly rejected Petitioners' defense to copyright protection as follows:

> The defendants argue that the plaintiffs forfeited their copyright protection by failing

> to properly place the notice of copyright in the CMS programs. Copyright notices must be "affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright." 17 U.S.C. § 401(c). Defendants' expert H.C. Cobb testified by affidavit that of the three CMS programs he evaluated, one had a copyright notice in the first line of the program's object code print out and the other two had a copyright notice imbedded in the last quarter of the object code print out. The Court finds that such notices imbedded in the programs' object codes give reasonable notice of the claim of copyright. *See E.F. Johnson v. Uniden Corp. of America*, 623 F. Supp. 1485, 1492 (D.C. Minn. 1985)

(R-55-5; A-1, p. 5). In addition, the District Court correctly dismissed Petitioners' defense of unclean hands as follows:

> Defendants' only other defense to the copyright action is an assertion that plaintiffs have unclean hands because certain subscription television programs who use the VideoCipher II for encrypting their programs have been indicted for showing obscene movies. Unclean hands is a defense to infringement actions but only when the offending act relates directly to the subject matter of the infringement action. 3 *Nimmer on Copyright* sec. 13.09[B], at 13-145 (1988). The actions of these non-party users of the VideoCipher II is completely unrelated to the subject matter of this lawsuit and will not bar plaintiffs' claim.

(R2-55-5 thru 6; A-1, p. 6).

Petitioners fail to rebut Respondents' overwhelming evidence of copyright infringement. Moreover, the District Court states in its June 28, 1990, order on Respondents' motion for summary judgment as follows:

> The defendant Tri-State Satellite Distributors, Inc., and its owner defendant Bennie Dean Herring and employees Billy Clyde Herring and Ron Mills do not contest that they were actively engaged in modifying VideoCipher II's so that viewers could receive subscription television programming without authorization from programmers such as HBO and Showtime. Nor do they contest that they were actively engaged in selling such modified VideoCipher II's to Tri-States' customers.

(R2-55-1 & 2; A-1, p. 1-2).

The District Court also found that summary judgment should be granted to Respondents on the claim of violation of 47 U.S.C. § 604, the Communications Act. The District Court quoted extensively from the decision of the Eleventh Circuit Court of Appeals in *Cable/Home Communications v. Network Productions,* 902 F.2d 829 (11th Cir. 1990).

> The statute prohibits the unauthorized receipt or assistance in receiving radio communications for the benefit of a person or entity not authorized to use that communication. 47 U.S.C. § 604(a); *Network Productions,* slip op. at 2988 [902 F.2d at 847]. The statute also prohibits the importation,

> manufacture, sale or distribution of equipment intended to be used to assist in any intercepting proscribed by sec. 605(a). 47 U.S.C. § 604(d)(4) (Supp. V. 1987); *Network Productions,* slip op. at 2988 [902 F.2d at 847]. In a recent case involving substantially the same type of modifications to VideoCipher II's, the Eleventh Circuit Court unequivocally held that sec. 605 "applies to proscribe pirite chips and other decoding devices, which enable third parties to receive television satellite transmissions intended for paying subscribers." *Network Productions,* slip op. at 2989 [902 F.2d at 848]. *The plaintiffs' unrebutted evidence* that the defendants manufactured, sold and otherwise distributed VideoCipher II's capable of intercepting subscription television transmissions without authorization from subscription television programmers warrants granting summary judgment on plaintiffs' second count.

(R2-55-7 & 8; A-1, p. 7-8) (footnotes omitted) (emphasis added). Respondents met the burden of proof, and Petitioners offered no evidence in rebuttal.

Accordingly, the order and judgment entered by the United States District Court was correct in accordance with the law; and the decision of the Eleventh Circuit Court of Appeals affirming the United States District Court was proper and justified.

II.

DAMAGES

The District Court held a non-jury trial on the issue of damages on August 13, 1990. After hearing the evidence, the District Court states as follows in its memorandum opinion and order:

> Mr. Terry Luddy, Director of Security, General Instruments Corporation, testified at the damages hearing that General Instruments confiscated 40 circuit boards from Videocipher II's at Tri-State's offices in December 1987 that had been modified by replacing the U-30 chip from EPROMS. Mr. Luddy further testified that *technical testing at General Instruments' laboratories in San Diego, California showed that the EPROM chips in the 40 confiscated boards contained substantial amounts of copyrighted CM, version 3.0.* Version 3.0 of CMS has a copyright notice on line 2 of that programmer's user code. In altering a circuit board so that it can receive signals without authorization, the CMS program must be viewed on a personal computer so that those portions which prevent reception of signals without authorization can be removed. The Court is satisfied that anyone so altering a board would have seen the copyright notice on line 2 of the program. Accordingly, *the Court finds that the plaintiffs have shown at least forty violations of the Copyright Act and also has shown that those violations were done willfully.* 17 U.S.C. § 504(c)(2).

As to the Communications Act violations, *the Court determined in its order on summary judgment that the defendants' violations were done willfully and for the purpose of commercial advantage of personal financial gain.* The only issue to decide, then, is the number of violations. Mr. Luddy testified that, although only 40 boards were tested by General Instruments, he observed at least 50 new Videocipher II's in Tri-State's offices that had been modified. Additionally, Mr. Luddy observed numerous EPROMs, socket positions, drills, soldering tools and personal computers, equipment commonly used to modify the VideoCipher II so that it can receive transmissions without authorization. *This evidence, considered in light of the testimony that there is no legitimate reason for tampering with a new VideoCipher II, satisfies the Court that defendants committed at least fifty violations of the Communications Act.*

Because the defendants' violations of the Communications and Copyright Acts were willful and done for commercial or private gain, the Court could award as much as $50,000 for each violation of these acts. 47 U.S.C. § 605(d)(3)(C)(ii); 17 U.S.C. § 504(c)(2). In determining what amount it should award, the court should consider "both the willfulness of the defendant's conduct and the deterrent value of the sanction imposed." *Cable/Home Communications Corp. v. Network Productions, Inc.*, 902 F.2d 829, 852 (11th Cir. 1990). In this case, *the evidence*

> *overwhelmingly indicated that the defendants, in open defiance of federal statutes of which they were well informed, actively promoted and profited from the unauthorized interception of satellite transmissions using copyrighted material.* While the court is setting damages based only on fifty violations of the Communications Act and forty violations of the Copyright Act, the evidence indicated that the defendants had been selling modified Videociphers for some time and that many more than fifty have been sold from Tri-State's offices. Finally, the evidence showed that the problem of pirated satellite transmissions is wide-spread and costs the industry millions of dollars each month in lost subscription fees. Accordingly, the Court finds that setting the damages at $10,000 per violation is more than reasonable, given the flagrant violations committed by these defendants. This works out to damages of $400,000 for Copyright Act violations and $500,000 for Communications Act violations.

(R2-71, Attached Memorandum, p. 2-4; A-2, p. 2-4) (footnotes omitted) (emphasis added).

The District Court very properly awarded $900,000 in damages to Respondents based upon the statutory guidelines and the decision of the Eleventh Circuit Court of Appeals in *Cable/Home Communication v. Network Productions*, 902 F.2d 829 (11th Cir. 1990).

CONCLUSION

Review on writ of certiorari is a matter of sound judicial discretion and will be granted only where there are special and important reasons. There are no special and important reasons for this Court to review a decision on summary judgment, especially since Bennie D. Herring was unable to refute the evidence against him and the other petitioners and he has been unable to present a "genuine issue" for trial.

The United States District Court carefully considered the relevant law and rendered a fair and correct decision. The Eleventh Circuit Court of Appeals agreed with the order and judgment of the District Court. It is, therefore, respectfully submitted that the petition for writ of certiorari should be denied.

Respectfully submitted,

JAMES E. WILLIAMS
Counsel of Record
MELTON, ESPY, WILLIAMS
& HAYES, P.C.
Attorneys for Respondents
P.O. Drawer 5130
Montgomery, Alabama 36103-5130
(205) 263-6621